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MEMORANDUM

TO: BOSTON REDEVELOPMENT AUTHORITY AND
PAUL L. BARRETT, DIRECTOR

FROM: JOSEPH NOONAN, ASSISTANT DIRECTOR FOR
ADMINISTRATION AND FINANCE

MARC WEBB, DIRECTOR OF OPERATIONS

ELAINE HALE, OFFICE MANAGER

PAUL REAVIS, ASSISTANT DIRECTOR FOR
ENGINEERING AND DESIGN SERVICES

SUBJECT: BUDGET APPROVAL FOR FISCAL YEAR 1993

EXECUTIVE SUMMARY: Herewith is submitted the FY93 Budget which includes the FY93 Operating Budget, the Work Program and the Capital Budget. This plan and budget are designed to allocate adequate resources for the attainment of the key policy objectives.

The Work Program presents in detail the programs which the BRA will work on during FY93 and the responsibilities of each of the operating departments. The programs include expanding the tax base through economic growth, master planning and zoning, affordable housing production, downtown development and revitalizing Boston's waterfront.

The capital budget tracks 25 projects in FY93. Of the 25, 13 are in construction. The coming year will see the continued completion of projects. The current program of $39 million in construction will produce 700 jobs.

WORK PROGRAM: KEY INITIATIVES

Massachusetts has been in a deep recession since 1989. Boston is sharing in the general economic downturn, and must build a foundation for a resumption of economic growth in the coming years.

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The management of growth and facilitating economic activity, the primary responsibilities of the BRA, take on even greater significance during periods of economic decline. The BRA must continue to be mindful of tax base expansion as an important element of its mission. Expanding the city's tax base is necessary to provide continuing support for the City as federal cutbacks and reductions in state aid threaten vital services.

As a result, the policy goals of the BRA have been revised in a way which focuses upon the industries in which there will be continued growth during the next five years. A strategy for recovery and growth of the Boston economy is the centerpiece of the FY93 work program of the BRA.

This strategy focuses on:

- Job creation in technology-based industries.
- Development and growth of the institutions of higher education, health services, and medical research.
- Development of new sports and cultural facilities, and the hospitality industry.
- Implementation of large-scale infrastructure investment projects and the City's capital plan.
- Promotion of new businesses and services, including banking and financial services, in communities of color.

Boston's development boom during the 1980s brought real fiscal benefits to the City, allowing it to maintain services to residents. New construction development and related growth allowed the City's budget to grow beyond the confines of Proposition 2 1/2 restrictions. Proposition 2 1/2 required that revenues from the City's existing 1984 property tax base could increase by only 2 1/2 percent per year, far less than the rate of inflation. In "real," non-inflationary dollars, revenues would fall and therefore services would inevitably have been severely reduced. New growth and development was the difference that allowed the city's tax revenues to grow in "real" dollars and provide vital services to Boston residents.

Since 1984, construction development has added over $105 million to Boston's annual property tax revenue as of fiscal year 1992, and will add even more in this new fiscal year. This cumulative, annually recurring fiscal resource constituted 18.1 percent of the city's FY92 property tax levy last year, up from 13 percent in FY89 and only 4.1 percent in FY85. In addition, Boston received $85 million in Building Permit revenues between FY85 and FY92.

The $105 million earned by new real estate development accomplished between January 1984 and January 1991 is nearly three times the total taxes billed to all single-family homes in the city. It is also more than double the taxes paid by all industrial property in the city. The fiscal dividend of economic development is a major reason that commercial property in Downtown Boston (wards 3 and 5) shouldered more almost 40% of total Boston property taxes in FY92, compared to 27 percent in FY84.

KEY OBJECTIVES

1. Promoting Economic Development Projects in Downtown, The Waterfront and in The Charlestown Navy Yard and The Greater Dudley and Crosstown Areas

The major economic development projects which the BRA promotes, both publicly and privately developed and financed, are the engines which drive economic growth in the City. Working closely with the community and the project proponents to consider the impacts of major development is critical to the success of these efforts. The South Station Technopolis, revitalized Midtown and Downtown Crossing areas, the Custom House Hotel, the Charlestown Navy Yard and Ruggles Center are among the key projects for FY93.

Downtown

- The revitalized **Prudential Center** will create an important business and retail link between the South End and Back Bay communities. The first part of this multi-phased office, housing and retail development is going forward already. This is a $70 million renovation of public areas and creation of a high-quality shopping atrium.

- The **South Station Technopolis** will combine medical research space with office development and a parking garage atop the already-refurbished train station and a new MBTA bus terminal.

- **Tufts University Development Corporation** has been designated as the developer of air-rights above South Station to constructed a biomedical research center.

- The **Custom House** and the adjacent Board of Trade Building will be rehabilitated into a single first-class hotel property with 340 total rooms. This project will include the historic rehabilitation of the landmarked exterior and interior portions of the Custom House, as well as the interior of the Board of Trade Building. The two properties will be connected by a new walkway.

- The BRA will help the owners of **Lafayette Mall** to stabilize its retail base, and will pursue a redesign and redevelopment of the mall and hotel complex.

- The new **Boston Garden** will create a multi-purpose sports arena.

Waterfront/Navy Yard

- The Master Plan for the **Charlestown Navy Yard** was approved in FY91, and includes: a biomedical research center totalling up to 1.1 million square feet, for which environmental approvals were received from MEPA, the possible relocation of Spaulding Rehabilitation Hospital which would construct a 340,000 square foot facility, over 300 housing units, and improvements to the water transportation system.

- The building of a new **Federal Courthouse** on Fan Pier in South Boston, combined with a transit line connecting this area to South Station, will open up the South Boston piers for major new development. First will be the World Trade Center's expansion, including a new hotel.

Neighborhoods

Economic growth must also serve the needs of Boston residents, some of whom must travel long distances to shop for food, do their banking, and obtain other basic services. There is an untapped market that can be accessed by businesses establishing themselves in Boston's neighborhoods.

At the same time, Boston residents without a car have trouble reaching the back-office and manufacturing jobs that often located in suburban or exurban areas during the 1970s and 1980s. Companies that return to urban sites will be able to tap a large labor pool, one that can be made attractive to business by improved vocational training programs in the Boston schools.

The advancement of **Ruggles Center**, commitments by area banks to locate and invest in minority neighborhoods, and the potential of the **Boston State Hospital** site make economic development in Boston's neighborhoods feasible and worth pursuing aggressively. Key sites such as Ruggles Center and Boston State will be the focus of the BRA's efforts to revitalize the potential of these neighborhoods.

- The **Registry of Motor Vehicles** has committed to be the major tenant at Ruggles Center. Phase I of the project consists of an office building of approximately 200,000 square feet, a public plaza, and the construction of a parking garage with 860 spaces.

- The entire Ruggles Center project will be constructed in four phases which include 550,000 square feet of office space, a 200-room hotel, 25,000 square feet of retail space, and parking.

- A central plaza will be the focal point of the project and will complement the adjacent MBTA Southwest Corridor linear parkland. Ruggles Center, which is adjacent to the MBTA Ruggles subway station, is the neighborhood component of the Parcel to Parcel Linkage I project, and is linked to the Kingston-Bedford site in the Downtown (One Lincoln Street).

o Planning to develop a retail mall and supermarket on Parcel P-3 along the **Southwest Corridor** currently is underway. A supermarket would be a considerable benefit to area residents, who now must travel long distances to reach a supermarket or must shop in expensive small stores with a limited selection.

o The **New Dudley Street Phase II** project is a key component in the economic revitalization of the Dudley Business District. The physical connection of this street with Washington and Ruggles Street, as well as the extension of Shawmut Avenue, will connect the Southwest Corridor to Dudley Square and serve as an economic link between theses two areas of revitalization.

2. Encouraging Expansion of Boston's Biomedical Research Industry and Planning for Appropriate Institutional Expansion

Boston is the nation's leading center for health research. The City's medical research institutions received over $450 million in federal National Institutes of Health grants last year. New projects like **Mediplex Technology Center, the Charlestown Navy Yard Research Center, and the South Station Technopolis** will help this new economy flourish. These key developments will give private firms the opportunity to tap into Boston's research base, by placing private companies side-by-side with some of the world's best scientists and doctors at the institutions.

Boston's medical and educational institutions will substantially enhance their competitiveness and growth capacity over the next several years with a large pipeline of development construction projects. In FY93 the BRA will continue to work closely with the institutions in planning for future growth and expansion.

In just the next 5 years construction of a number of major projects in this and related economic sectors are expected to go forward, representing an investment of nearly $2 billion. This includes a range of uses such as hospital clinical facilities, research laboratories, university dormitories, classrooms and sports facilities. In addition to this will be spin-off private construction for biotechnology and other companies. In FY93, several major institutional development projects approved by the BRA will be proceeding to construction. They include:

- **Mediplex Technology Center**, the conversion of the former Sears, Roebuck and Company warehouse to offices, R & D labs, and retail space in the Fenway, will fill in the "missing link" in the Emerald Necklace as well as link city neighborhoods and generate new economic activity. A new 300,000 square foot building is now proposed as the first phase of the project, which will include state-of-the-art biomedical research laboratories with ancillary facilities and parking. Later phases of the project will include the renovation of the existing Sears building and a new building of 200,000 square feet.

- **Genzyme**, one of the state's leading biotechnology companies, is currently building its main manufacturing facility at Allston Landing. This would bring several hundred jobs to the City and capture the first of several manufacturing facilities expected to be established by Massachusetts biotechnology companies over the next few years.

- University Associates has begun construction of the first phase of its **South End Technology Square** (SETSA) project. The $72 million first phase will include 180,000 square feet of medical research space and parking for 1,000 cars.

- The **Massachusetts General Hospital** In-Patient Tower II project includes the construction of an inpatient care facility comprised of 286,000 square feet of clinical space to complement its recently completed Tower I project. This $100 million project, currently in construction, will complete $270 million of development on the MGH central campus over a five-year period.

- The Clinical Support Facility of the **Brigham and Women's Hospital** in construction as the hospital's existing campus will be comprised of a 9-story 234,056 square foot building. In addition, a 34,677 square foot tower lobby and other associated improvements will be constructed to enhance the pedestrian access between this new building and the main facility. Shattuck Street will also be reconstructed as a pedestrian-oriented plaza abutting Brigham and Women's Hospital, Children's Hospital, and the Harvard Medical School.

- A new replacement clinical facility for the **Shriners Burns Institute**. This $45 million project includes 170,000 square feet of clinical facilities and 30,000 square feet of research labs.

These and other development projects are approved through the BRA's institutional planning process, which provides the BRA and the institutions with an opportunity to review long-term plans for expansion in a process which is responsive to neighborhood needs and concerns.

The BRA will encourage development of the proposed "**Bioscience Line**," a transit line connecting the major medical and scientific research and development centers from the Charlestown Navy Yard, through East Cambridge and past MIT to Boston

University, Olmsted Plaza, and the Longwood Medical Area; past Ruggles Center and the South End medical institutions to connect at South Station with the planned transit line to the South Boston Piers. The employment centers in this circumferential loop around the downtown are expected to gain nearly 40,000 jobs over the next 15 years as the biomedical and scientific research, development and manufacturing economies grow. The Bioscience Line will help accommodate this growth by enabling workers to reach their jobs in these centers without driving. By lessening traffic, this will help protect the quality of life in adjacent neighborhoods.

3. Continuing Housing Production and Affordability

Boston's institutional, downtown and neighborhood development projects will not only bring needed property tax revenues to the City of Boston, but make a major contribution towards the construction of affordable housing and to job training for Boston residents through the **City's Linkage Program.**

Under Linkage, major development projects must pay five dollars in housing linkage and one dollar in job training linkage for every square foot of building over 100,000 square feet. Nearly 50 commercial and institutional projects approved between 1984 and today have contributed over $46 million to the production of affordable housing and over $8 million to job training.

The City built nearly 7,000 units of affordable housing between 1984 and 1992, with $35 million in housing linkage contributing to many of the projects. On BRA land alone, 61 completed housing projects with a total development cost of $567 million. These projects have a total of 2,530 units, with 1,203 of them affordable to Boston's households.

Although the surge in office building development will not return for several years, Boston is the nation's only city that requires Linkage for institutional projects, which are continuing to go forward. The estimated $2 billion worth of institutional projects that will go forward in the next 5 years will contribute nearly $20 million in housing linkage and $4 million in jobs linkage.

Boston continues to have a critical need for more housing, particularly affordable housing, to meet the demand generated by both old and new residents. The Flynn Administration has placed the production of affordable housing among the City's highest priorities. Consistent with this priority, affordable housing production will continue to be a key objective of the BRA in FY93.

In FY92 the BRA achieved several major milestones in creating affordable housing. These include the following:

- Completed Eagle Hill Development in East Boston.

- Issued an RFP, provided tentative designation, and secured HUD Section 202 award for 47 elderly units in East Boston.
- Approval for a 123 unit nursing home in Allston Brighton.
- Secured tax credits for Building 104, Oak Terrace, and Mei Wah Village.
- Secured a $2 million Community Development Action Grant (CDAG) for Lowell Square.
- Tentative designation for Boston's Youth Build Center.
- Assisted the Mattapan plane crash victims to secure housing on Itasca Street.
- Secured funding for the Union Neighborhood Assistance Corporation (UNAC) and the Massachusetts Association of Community Development Corporations (MACDC).
- Provided technical assistance to non-profit organizations and minority business enterprises.

Since 1984, utilizing its land and other resources, the BRA has assisted:

- 71 housing projects, representing 3,121 housing units, 1,696 affordable;
- 49 housing projects (1,956 units, 948 affordable), completed and occupied on BRA property;
- 12 housing projects (574 units, 255 affordable), completed and being marketed on BRA property;
- 2 housing projects (154 units, 154 affordable), currently under construction on BRA property.

The BRA continues to dispose of its properties for housing development. This use of BRA property reduces the otherwise significant costs of construction, allowing the development of affordable units throughout the City. The BRA's affordable housing production programs also serve to increase opportunities for minority and community-based development teams. Of the 87 housing development projects designated between 1984 and 1992, 54 (or 63%) involved teams of minority or community-based developers.

Major housing initiatives for FY93 include:

- Begin construction of 105 units of new housing and community facilities at **Oak Terrace and Mei-Wha Street in Chinatown**.
- Start construction of a 46-unit low and moderate income elderly housing development at **Building 104 in the Charlestown Navy Yard**.
- Developing affordable housing at **Lowell Square**.
- Start construction of 47 unit low income elderly housing development in East Boston.
- Develop a single-family program for Boston's residents.
- Work with the mortgage industry to ensure that equal access to mortgage credit opportunities is provided and the credit needs of Boston residents are met.

Completion of the FY93 program will bring to over 3,000 the number of housing units constructed on BRA property since 1984. When the old urban renewal land inventory is fully developed, more than 4,000 units will have been built.

4. Monitoring the Construction of Public Infrastructure Megaprojects and State and Federal Transportation Planning

A very large pipeline of public infrastructure investment going forward in FY93 will increase the City and State economies' capacity to grow, and will generate a flow of jobs and income. Construction of these projects will mediate the conflicts that can arise between encouraging economic development and protecting the City's quality of life. State infrastructure investment and City capital plan projects going on during FY93 include the Central Artery depression and **Third Harbor Tunnel, the Boston Harbor clean-up, North Station Garage, Boston City Hospital rebuilding**, reconstruction of state roads and bridges, **Logan Airport modernization, and public schools and State buildings**. Over the next 10 years, these and related public capital expenditures will total more than $12 billion, and will modernize and improve the infrastructure of the City and State and its capacity to support and encourage growth.

Transportation investment is vaulting Boston ahead of other cities in terms of accommodating traffic and establishing fast links to its airport. The new tunnel roadway linking downtown and South Boston directly to Logan Airport, coupled with a planned transit extension to South Boston, will open up a new prime location for all kinds of businesses in the South Boston piers and Fort Point Channel area.

Further, the Federal government's recent commitment to a **high speed rail link** from Boston's South Station to New York City and Washington means that midtown Manhattan will be less than three hours away, practically door-to-door. High speed rail will also reduce the demands placed on Logan Airport, thereby improving the quality of life in neighborhoods such as East Boston.

The construction of these projects will provide a needed countercyclical boost to the City's economy. Over the next 10 years, capital projects in Boston are estimated to create nearly 60,000 full-time-equivalent jobs, or an average of 6,000 per year, with a total payroll over the decade of $2.7 billion in 1991 dollars. The full economic impact, with these wages spent in area stores and service establishments, will be much greater.

Monitoring the Third Harbor Tunnel and Central Artery projects will ensure that infrastructure consequences and environmental impacts have a minimal negative effect on Boston and its neighborhoods. The city's **Central Artery Plan and Zoning** has established guidelines for the creation of a series of new parks and housing and limited development over the proposed artery tunnel. The park plan creates a new image for Boston in the 21st century, and will provide much needed open space for the neighborhoods of the North End and Chinatown, as well as within the waterfront area and Financial District of the downtown.

5. Completing the Rezoning of Boston's Neighborhoods and Downtown

Boston always has been a constantly changing city. Change and growth can improve the economic well-being of Boston but, if not managed well, these forces can threaten the very elements of urban life that residents cherish most. As the City's planning agency, the BRA has primary responsibility to manage the delicate balance between the need for growth and the preservation of neighborhoods and the quality of life in Boston's community. This balance can be achieved by developing zoning regulations, which permit growth while preserving quality of life.

Neighborhood Planning initiatives promote citizen participation in the land use decisions affecting Boston's neighborhoods. The purpose is to enact revised zoning which responds to particular neighborhood needs as articulated by community residents. Of critical importance is the need to protect residential areas. Also important is the need to provide more usable open space, affordable housing, and economic development which will promote employment opportunities for community residents.

In FY93, the BRA will continue its neighborhood-based planning efforts, including:

- Completion of permanent zoning regulations and neighborhood plans to be reviewed by the BRA Board and Zoning Commission, for **East Boston, Jamaica Plain, and West Roxbury**.

- o Completion of interim zoning and plans for **Mattapan, and Charlestown.**

CAPITAL BUDGET

A year end assessment of the Capital Improvement Projects Program undertaken by the Boston Redevelopment Authority during fiscal 1992 shows continued progress towards the goals of economic growth and the stabilization of Boston's tax base, neighborhood stabilization, and preserving the quality of life throughout the City. As we enter fiscal year 1993, we are at the closeout stage for street and sidewalk work and the reconstruction of a public park in the South End. Moreover, we are currently in the midst of one of the largest public improvement projects over undertaken by the BRA, the complete reconstruction of 26 streets in Charlestown. This project involves close and highly intricate coordination by the BRA with the Boston Water and Sewer Commission, ongoing Central Artery North Area effort and major public utility companies. In addition, the innovative agreement for funding the public improvements component of the Ruggles Center project has been implemented, and construction of the initial phase of that endeavor. The new Registry of Motor Vehicles building is now underway.

During the past year, the engineering and design of public improvements to support the revitalization of the Custom House also moved ahead, with the award of a contract to Pressley Associates. The air rights component of the South Station redevelopment moved closer to reality in the past year, with the awarding by the Massachusetts Bay Transportation Authority of a contract for the construction of the second phase of the project, the bus terminal. Upon completion of the terminal, the "South Station Technopolis" can then proceed.

Finally, the BRA moved ahead during fiscal 1992 with innovative plans to improve the physical structure of the non-profit Courageous Sailing Center, headquartered upon Pier 4 in the Charlestown Navy yard and utilized at no charge by the City's youth to learn the elements of sailing, seamanship and term effort each year.

THE OPERATING BUDGET

The BRA's FY93 operating budget allocates resources to achieve the agency's vital policy goals in the coming year emphasizing the objectives described and detailed in the Work Program. The Budget provides the resources to attain the policy goals established by the Mayor, the Board of Directors of the BRA and the community. The FY93 budget is in balance at $14,368,000. The FY94 budget is projected to at $13,332,000, a 7.2% reduction. This continues the BRA program of reducing activities and programming to meet changes in the economy and the needs of the community.

- o At 169 personnel the BRA will continue to respond to the planning and development needs of the City of Boston.

- Support for City agencies will continue with six staff and at a level of $300,000.

An appropriate vote follow:

VOTED: That the Fiscal Year 1993 Operating Budget is approved in the amount of $14,368,000.